

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6913

BILL NUMBER: SB 206

DATE PREPARED: Apr 9, 1999

BILL AMENDED: Apr 8, 1999

SUBJECT: Locate state government offices in downtown areas.

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill defines "downtown" to refer to: (1) the central business district of a city, town, or township; (2) any commercial or mixed use area that has traditionally served as the retail service and communal focal point within a community; (3) an enterprise zone established under the Indiana Code; or (4) a brownfield revitalization zone established under the Indiana Code.

The Indiana Department of Administration shall establish policy to encourage state agencies to locate leased and state constructed facilities in downtown areas. The policy established by the Department may exempt certain agencies or activities from the policy. The policy established by the Department shall focus on the following: (1) Local economic considerations. (2) The requirements of the agency. (3) Servicing client needs. (4) The availability of suitable space. (5) Competitiveness in the market place. (6) Ability to create positive impact on local small business. Additionally, the policy established by the Department may not encourage state agencies to locate leased and state constructed facilities in downtown areas if doing so would result in new or increased taxes to the citizens of Indiana.

This bill requires that the policy established by the Department give primary consideration to the restoration or reuse, or both of existing structures within a downtown area. It also requires the policy established by the Indiana Department of Administration give secondary consideration to state construction of facilities within a downtown area if the restoration or reuse of existing structures within a downtown area is not determined to be a reasonable alternative by the Department.

The Indiana Department of Administration is required to establish policy to implement these provisions not later than January 1, 2000. Not later than July 1 of each year, the Indiana Department of Administration shall report to the Legislative Council concerning the implementation of these provisions. The Indiana Department of Administration is required to submit the Department's first report to the Legislative Council not later than July 1, 2001.

This bill prohibits the use of money in the Motor Vehicle Highway Account Fund to augment the budget of the Bureau of Motor Vehicles Commission. It also prohibits the Commission from closing or reducing the operating hours of a full service license branch.

Effective Date: July 1, 1999.

Explanation of State Expenditures: (Revised) This bill requires the Indiana Department of Administration to establish policy to encourage state agencies to locate leased and state constructed facilities in downtown areas. The established policy may exempt certain agencies or activities from the policy. The policy established by the DOA is to include a number of items as listed in the "Summary of Legislation." The establishment of policy can be done within the existing budget and does not require an additional state General Fund appropriation.

The current policy of the DOA is to evaluate the office space requested by a state agency and to determine if space owned by the State is available for the request or if the requesting state agency can be consolidated into a building currently occupied by another state agency. The DOA reports that 48% of state agency sites are located in downtown areas. It is estimated that approximately 38% of all Bureau of Motor Vehicle offices are located in downtown areas.

The reports required by this bill to the Legislative Council can also be done within the existing budget of the DOA.

The Motor Vehicle Highway Account Fund would no longer be used to augment the budget of the Bureau of Motor Vehicles Commission (BMVC) after June 30, 1999. The specific impact of this provision will depend upon how much money the BMVC would have needed, if any, for augmentation in future years that now will be available for distribution for other purposes within the Motor Vehicle Highway Account. Currently, the Motor Vehicle Highway Account is used to distribute funds to the Indiana Department of Transportation, cities, towns, and counties for road construction, maintenance, land acquisition. In addition, the Motor Vehicle Highway Account also supports the Bureau of Motor Vehicles, part of the State Police budget, part of the Department of Revenue budget, along with a variety of other expense areas, such as Covered Bridge Distributions and payment of County Engineers.

This bill prohibits the BMVC from closing or reducing the operating hours of a full service license branch. The BMVC has about 168 license branches throughout the state, most of which are full-service branches. This provision prohibits the Bureau of Motor Vehicles Commission (BMVC) from closing a full service license branch or reducing the number of hours that a full service license branch is open to the public. The specific impact of not allowing the BMVC to close any full-service license branches will depend upon whether or not the BMVC had or has plans to close full-service license branches. This provision precludes the closing of any full-service license branch which means that the BMVC will be required to continue operating a branch which may be losing money and otherwise could be considered for closing. The fund affected is the State License Branch Fund which supports the operation of the license branches.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) If state government offices are relocated to downtown areas, there could be an increase in downtown commercial development stimulated by the influx of additional

workers. However, there may be offsetting negative impacts in areas where these offices were previously located. The net effect of this shift in economic activity would vary in each affected locality.

State Agencies Affected: Department of Administration; State agency requesting office space; Legislative Council; Bureau of Motor Vehicles; Bureau of Motor Vehicles Commission; Department of Transportation.

Local Agencies Affected:

Information Sources: Jay McQueen, Department of Administration, (317) 232-7636. Mike Frick, Deputy State Treasurer, (317) 232-6260; cities towns and counties as recipients of the Motor Vehicle Highway Account.